

Message Text

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ACTION OES-04

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TO SECSTATE WASHDC 5982

INFO USERDA GERMANTOWN

LIMITED OFFICIAL USE SECTION 1 OF 2 IAEA VIENNA 5184

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SUBJECT: JUNE BOARD OF GOVERNORS MEETING, AGENDA ITEM 5: TARGET
FOR JUNE VOLUNTARY CONTRIBUTIONS FOR AGENCY'S TECHNICAL
ASSISTANCE PROGRAM

REF: IAEA VIENNA 3369; STATE 080987

1. JUNE BG APPROVED FOR RECOMMENDATION TO GENERAL CONFERENCE A
TARGET OF \$5.5 MILLION FOR 1976
TECHNICAL ASSISTANCE PROGRAM FUNDED FROM VOLUNTARY
CONTRIBUTIONS TO AGENCY'S GENERAL FUND.

2. BUT FOR PHILIPPINE INTERVENTIONS, ORCHES-
TRATED DEBATE ON TARGET FOR VOLUNTARY CONTRIBUTIONS
PROCEEDED SMOOTHLY. ON TUESDAY AFTERNOON, AT FIRST
SESSION OF BOARD MEETING UNDER CONSIDERATION OF THE
REGULAR BUDGET OF AGENCY (AS OPPOSED TO GENERAL FUND,
TO WHICH TARGET APPLIES) INDIA INTRODUCED FIGURE OF
\$7.0 MILLION FOR TARGET, LARGELY ON BASIS OF INFLATION, CURRENCY
DEVALUATION AND UNFUNDED TECHNICALLY SOUND PROJECTS, AS FOUND IN
SCHEDULE C. IN CONSULTATION WITH US GOVERNOR TUESDAY EVENING,
INDIAN AMBASSADOR MEHTA, HOWEVER, RELUCTANTLY AGREED
THAT CONSENSUS PROBABLY HAD TO BE AT \$5.5 MILLION,
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SETTING STAGE FOR WEDNESDAY MORNING DEBATE.

3. U.S. OPENED DEBATE ON WEDNESDAY MORNING WITH STATEMENT THAT 1975 TARGET OF \$4.5 MILLION WAS UP 050 PERCENT FROM 1973 TARGET OF 3.0 MILLION. THE U.S. HAD RESERVED ON THE 4.5 MILLION FIGURE, AGREEING TO PAY ACCORDING TO ITS BASE RATE OF ASSESSMENT ON A \$4.0 MILLION FIGURE. INDEED THE \$4.5 MILLION TARGET HAD NOT BEE REALIZED (CURRENT PLEDGES TOTAL ONLY \$4.21 MILLION), INDICATING THAT 1975 TARGET TOO HIGH, AND 1976 TARGET SHOULD NOT BE INCREASED. IN ADDITION TO FACTORS MENTIONED PREVIOUS DAY BY INDIA FOR ESTABLISHING \$7 MILLION TARGET, IT WAS ALSO IMPORTANT TO TAKE ACCOUNT OF REASONABLENESS OF TARGET AND WILLINGNESS AND ABILITY OF MEMBERS TO PAY THEIR APPROPRIATE SHARE. U.S. ALWAYS ARGUED FOR NEED FOR ACHIEVABLE TARGET, ONE WHICH ALL DELEGATES COULD TAKE HOME TO THEIR GOVERNMENTS WITH SOME REASONABLE HOPE OF GAINING SUPPORT. GOVERNMENTS WOULD MAKE THEIR OWN EVALUATIONS OF WHAT IS REASONABLE; INDIA HAS PROPOSED \$7.0 MILLION. FOR ITS PART, U.S., IN EXAMINING CURRENT YEAR AND DEMEANDS FOR COMING YEAR, COULD ARGUE FOR NO CHANGE, BUT REALIZED THAT CASE CAN BE MADE FOR SOME INCREASE. U.S. RECORD WAS CONSISTENT. WHILE RESERVING ON \$4.5 TARGET, WE CONTRIBUTED SUBSTANTIALLY WITH IN-KIND CONTRIBUTIONS. FOR 1976, U.S. THEREFORE URGES ONLY MODES INCREASE TO \$5.0 MILLION, FOR DEMANDS OF IAEA MEMBERS ARE ONLY PART OF TOTAL DEMANDS PLACED ON EACH NATIONS'S OVERALL TECHNICAL ASSISTANCE BUDGET. TO INCREASE FROM 4.5 TO 7.0 WOULD BE 55 PERCENT INCREASE, WHICH U.S. COULD IN NO WAY SUPPORT.

4. FOLLOWING U.S. STATEMENT, ZAIRE (AS PRE-ARRANGED WITH HELP OF AGENCY STAFF MEMBERS) MADE MOST CRUCIAL STATEMENT IN DEBATE. CITING APPROVAL OF REGULAR BUDGET INCREASE OF 30 PERCENT (REPORTED SEPTEL) REP OF ZAIRE BELIEVED IT LOGICAL THAT TARGET ALSO BE INCREASED 30 PERCENT BRINGING FIGURE TO \$5,850,000. INDIA SAYS \$7.0 MILLION, AND U.S. SAYS \$5.0 MILLION. HE BELIEVED ACCEPTABLE COMPROMISE FIGURE SHOULD BE BETWEEN \$5.5 MILLION AND \$6.0 MILLION, AND, FOR HIS PART, PROPOSED LIMITED OFFICIAL USE

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THE LOWER FIGURE OF \$5.5 MILLION.

5. WITH ONE LDC IN THE BAG FOR \$5.5 MILLION, REMAINDER OF DEBATE SAW VARIOUS VERSIONS OF SUPPORT FOR THIS COMPROMISE FIGURE FROM DEVELOPED COUNTRIES. JAPAN SAID \$7.0 WAS TOO HIGH, NAMED NO FUGURE, BUT ARGUED FOR REASONABLENESS. FRG RECOGNIZED NEED TO MEET TECHNICALLY SOUND REQUESTS, INFLATION AND CURRENCY FLUCTUATIONS,

BUT PLAYED UP DIMINISHED FINANCIAL CAPACITY OF DONORS, OTHER FORMS OF TA FROM AGENCY (WHICH HAD BEEN SPELLED OUT IN HIGHLY SUPPORTIVE DOCUMENT RELEASED EARLIER BY SECRETARIAT, GOV/INF294), AND FRG'S OWN FUNDING OF THREE IMPORTANT TA PROGRAMS. FRG THEN ARGUED FOR REASONABLENESS, REITERATING U.S. ARGUMENT OF INCREASE OF 50 PERCENT FROM 1974, NAMED NO FIGURE, BUT LEFT IMPRESSION \$5.0 MILLION WOULD BE ACCEPTABLE. U.K. SUPPORTED FRG STATEMENT, POINTING TO ALL SOURCES OF TA FOR AGENCY (WHICH, INCLUDING INCREASE IN UNDP BROUGHT FUNDS FROM \$9.9 MILLION IN 1974 TO AN ESTIMATED 14 MILLION FOR 1975 EXPENDITURES FOR "DEVELOPING COUNTRY-ORIENTED" ACTIVITIES, SEE, GOV/INF/294 ANNEX). U.K. THEN ARGUED FOR REALISTIC FIGURE FOR TARGET AND AGREED WITH GOVERNOR FROM ZAIRE THAT \$5.5 MILLION WAS SUCH A FIGURE. THUS, ONE DEVELOPING AND ONE DEVELOPED HAD REACHED CONSENSUS ON \$5.5 MILLION.

6. TURKEY, SWEDEN, PAKISTAN, THAILAND, SOUTH AFRICA, AND CANADA, ALL FOLLOWED THIS STATEMENT WITH SUPPORT EITHER FOR THE \$5.5 MILLION FIGURE, OR, WITHOUT NAMING A FIGURE, FOR REALISM IN SETTING THE TARGET, THE LAST TWO SPECIFICALLY AGREEING WITH ZAIRE. WHEREUPON PHILIPPINES TOOK FLOOR.

7. PHILIPPINES RESREP (SIAZON) RECALLED COMMITMENTS MADE AT GENEVA NPT REVCON, AND CLAIMED SOME HAD APPARENTLY

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ACTION OES-04

INFO OCT-01 IO-10 ISO-00 FEA-01 ACDA-05 CIAE-00 INR-07

L-03 NSAE-00 NSC-05 EB-07 NRC-05 OMB-01 AF-06 EA-06

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FORGOT THOSE COMMITMENTS. HE RECALLED INDIA'S \$7.0 MILLION PROPOSAL AND RECAPITULATED THE ARGUMENTS FOR IT. HE NOTED \$7.25 MILLION IN NOVEMBER 1974 REQUESTS FOR TECHNICAL ASSISTANCE (FAILING TO NOTE THAT NOT ALL OF THESE HAD BEEN JUDGE TECHNICALLY SOUND); MADE AN ALLUSION TO A TENFOLD GROWTH IN SAFEGUARDS BUDGET BETWEEN 1968 AND 1975 (THOUGH NOT JUSTIFYING CHOICE OF YEAR 1968) AND SAID THAT "BALANCED" INCREASE IN TA TARGET WOULD NECESSITATE A TARGET OF \$22 MILLION, AND THAT, IF WE WERE SPEAKING OF ABILITY TO PAY, AS FRG WISHED, TARGET SHOULD BE \$10 BILLION. SAID TARGET HE WAS TALKING ABOUT WAS ABOUT WHAT ONE F-16 FIGHTER COST, INCLUDING SPARE PARTS. CONCLUDED THAT \$7.0 MILLION WAS ONLY REASONABLE TO MEET NEEDS OF LDC'S IN NUCLEAR POWER GROWTH FIELD, AND REMINDED GOVERNORS TO REMEMBER THEIR OBLIGATIONS UNDER NPT REVCON DECLARATION AND NPT PREAMBLE.

8. PHILIPPINE INTERVENTION FOLLOWED BY MATTER OF FACT SWISS STATEMENT ASSOCIATING SELF WITH JAPAN'S PLEA FOR REASONABLENESS WITHOUT NAMING A FIGURE. AUSTRALIA SUPPORTED ZAIRE'S \$5.5 MILLION. CANADA, WHICH HAD EARLIER ARGUED FOR TWIN PILLAR OF AGENCY CONCEPT (SAFEGUARDS AND TECHNICAL ASSISTANCE) TO WHICH LIMITED OFFICIAL USE

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PHILIPPINE SPEAKER HAD ALLUDED, REPLIED THAT PHILIPPINES USED TERM "BALANCE" TO MEAN DOLLAR FOR DOLLAR EQUALITY, WHILE CANADA USED "BALANCE" TO MEAN "EQUILIBRIUM" IN SETTING REASONABLE TARGET; AND POINTED OUT THAT NEITHER \$20 MILLION NOR \$10 BILLION WERE RESPONSIBLE FIGURES TO BE BANDIED ABOUT.

9. USSR EMPHASIZED ONCE AGAIN ITS POINT OF VIEW THAT PREFERENCE SHOULD BE GIVEN TO NPT PARTIES IN THE AGENCY'S TA PROGRAM, BUT INTRODUCED NEW ARGUMENT THAT MORE AID SHOULD BE MADE TO IAEA THROUGH UNDP, AND URGED A STRONG CAMPAIGN AMONG GOVERNORS TO INCREASE UNDP'S CONTRIBUTION TO AGENCY'S TA PROGRAM. AT SAME TIME USSR ACKNOWLEDGED THAT TARGET COULD NOT REMAIN STATIONARY, BUT THAT A CEILING BE ESTABLISHED WHICH IS REALIZABLE, AND THAT THE AGENCY IMPLEMENT WHAT IS ESTABLISHED. HE POINTED OUT SOMEWHAT EMBARRASSING POINT (FROM LDC PERSPECTIVE) THAT OF THE 14 COUNTRIES WHICH HAVE STOPPED PLEDGING FUNDS TO GENERAL FUND IN 1975 (AS COMPARED WITH 1974) TEN OF THESE ARE RECEIVING TECHNICAL ASSISTANCE. HE ARGUED FOR 100 PERCENT PARTICIPATION IN FUND, TO

ACHIEVE TARGET FIGURE.

10. SUDAN REP AGREED WITH PHILIPPINES, THEN RAISED POINT THAT TARGET SHOULD BE RAISED AT LEAST TO \$7.0 MILLION, "BECAUSE THERE IS NOTHING BINDING ON WHAT MEMBERS CONTRIBUTE TO A VOLUNTARY FUND," A POINT WHICH WAS TO CAUSE SOME RANCOR A BIT LATER. HE URGED MEMBERS TO LOOK AT \$7.0 MILLION IN LONG RANGE TERMS, ASSISTANCE WHICH WILL OBTAIN NEED FOR TA IN THE FUTURE. BOARD SHOULD GET RID OF "CHARITY." WHOLE AIM OF TECHNICAL ASSISTANCE IS TO ENABLE DEVELOPING WORLD TO STAND ON ITS OWN FEET IN THE WORLD AND STOP RECEIVING AID.

11. AT THIS POINT U.S. INTERVENED AGAIN, TOOK NOTE OF VARIETY OF VIEWS, SAW A CONSENSUS EMERGING AT \$5.5 MILLION, STATED THAT WE COULD JOIN THE CONSENSUS AT \$5.5 MILLION BUT EXPRESSED REGRET THAT WE COULD CONTRIBUTE ONLY ACCORDING TO OUR BASE RATE OF ASSESSMENT AS APPLIED TO \$5.0 MILLION. CHAIRMAN THEN CALLED FOR CONSENSUS AT \$5.5 MILLION, TO WHICH THE PHILIPPINES LIMITED OFFICIAL USE

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OBJECTED, ARGUING THAT IT SHOULD BE "HIGHER," SINCE GOVERNMENTS WERE MAKING RESERVATIONS ABOUT IT ALREADY. HE SAID QUESTION SHOULD BE TAKEN TO THE GENERAL CONFERENCE. THE CHAIR AGAIN CALLED FOR CONSENSUS ON \$5.5 MILLION, ARGUING THAT THE TARGET DID NOT BIND ANYONE, AND THAT STATES COULD CONTRIBUTE MORE IF THEY WISHED. HE SAID HE WOULD INSTRUCT THE DG TO MARK THE FIGURE "APPROXIMATELY" \$5.5 MILLION IN FINAL VERSION OF BUDGET. INDIA ASKED THAT DECISION BE POSTPONED UNTIL CONSULTATIONS COULD BE HELD TO WORK OUT A SOLUTION. THE CHAIR AGREED, AND THE ITEM WAS POSTPONED UNTIL FOLLOWING MORNING.

12. FOLLOWING CONSIDERATION SAFEGUARDS ITEM (REPORTED SEPTEL) WHICH ENDED AROUND 11:30 A.M., CHAIRMAN AGAIN RAISED SUBJECT OF TARGET FOR VOLUNTARY CONTRIBUTIONS. PHILIPPINES WERE HOSTING THEIR NATIONAL DAY RECEPTION, DUE TO BEGIN AT 12 NOON. PHILIPPINE RESREP LATER ADMITTED HE TOOK ADVANTAGE OF THIS RECEPTION TO BE ABSENT FROM DEBATE, MUCH TO RELIEF OF ALL CONCERNED. CHAIR IN FINAL STATEMENT ON SUBJECT SAID: "I UNDERSTAND THAT THERE IS A CONSENSUS ON A TARGET OF 5.5 MILLION DOLLARS. FURTHER, THE BOARD WOULD HOPE THAT ALL MEMBER STATES, INCLUDING THOSE WHICH HAVE EXPRESSED SOME RESERVATIONS IN REGARD TO THIS FIGURE, WOULD WORK TOWARD ATTAINING THE TARGET. THE BOARD WOULD ALSO HOPE THAT THOSE MEMBER STATES WHICH HAVE NOT IN THE PAST MADE CONTRIBUTIONS UP TO THE LEVEL OF THEIR BASE RATES OF ASSESSMENT WOULD JOIN THESE

EFFORTS AND MEET APPROPRIATE CONTRIBUTIONS SO THAT THIS
TARGET WOULD BE ATTAINED." THERE WAS NO OPPOSITION.TAPE

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